

**AGENDA SUMMARY PAGE**

**AUDIT OVERSIGHT COMMITTEE MEETING OF: OCTOBER 15, 2009**

**DEPARTMENT: CITY AUDITOR'S OFFICE**

**DIRECTOR: RADFORD SNELDING**

☐ Consent ☒ Discussion

**SUBJECT:**

Discussion and possible action on the FY 2010-2011 City Auditor's Office Budget

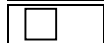
**Fiscal Impact**



No Impact



Augmentation Required



Budget Funds Available

**Amount:**

**Funding Source:**

**Dept./Division:**

**PURPOSE/BACKGROUND:**

The City Auditor's Office works directly for the Mayor and City Council as opposed to other departments who report to the City Manager. The budget for the City Auditor's Office should be reviewed with the Mayor and Council. This will be accomplished by reviewing the detail budget with the Audit Oversight Committee and the Committee making appropriate recommendations to the Mayor and Council.

**RECOMMENDATION:**

Consider City Auditor's budget presentation and make appropriate recommendations to the Mayor and Council at the FY 2010-2011 Budget Workshop.

**BACKUP DOCUMENTATION:**

Submitted at Meeting – PowerPoint Slides 6-10 by City Auditor

Motion made by STEVE WOLFSON to Accept the report

Passed For: 3; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 2

STEVE WOLFSON, MICHAEL W. KERN, LOIS TARKANIAN; (Against-None); (Abstain-None); (Did Not Vote-None); (Excused-PAUL WORKMAN, JOSE TRONCOSO)

Minutes:

City Auditor Radford Snelding stated that all department budgets have been modified to adjust to the shrinking revenues. The City Auditor and City Auditor's Office work directly for the Mayor and Council, as opposed to the City Manager. Budget impacts on detail operations will be reported to this Committee, and the budget cycle for Fiscal Year 1020-2011 is due to begin in the next few months.

Reading from Slides 7-10 of the submitted PowerPoint, Mr. Snelding detailed his recommendations with the Committee and solicited recommendations from the Committee regarding funding levels. He felt it was important to have these discussions with this Committee,

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so they are aware of the Audit Department's standing budget wise. From this discussion, he will formulate a proposed budget, which will be presented to the Mayor and City Council at a later date. Member Wolfson stated that his door, as well as the other City Council members, is always open to discuss issues.

Mr. Snelding concluded by stating further reductions in discretionary funds, such as consulting and training, is recommended. However, he recommended no further reductions to Labor, as it would increase the completion times on the Audit cycle, decrease the number of completed audits per year and limit the response time to requests and special projects.

Member Wolfson asked if the Audit Department is the only department with an oversight committee. Mr. Snelding replied that all other departments work with the City Manager's Office and have an opportunity for the City Manager to relay their budget concerns at the budget hearing. His office does not work directly for the City Manager and his department reviews other departments' operations, so it only makes sense that those other departments do not determine what Audit's budget will be. Member Tarkanian agreed with Mr. Snelding's reasoning.

City Manager Elizabeth Fretwell thanked Mr. Snelding for all of his efforts in working with the City Manager during this initial phase. Every department has had to identify a 12 percent cut in their current budget. In the coming months, it will take everyone's efforts, prioritization and City Council direction as we move forward into next year's budget.

Chair Kern reviewed Mr. Snelding's recommendations and commended him on his proposed budget cuts. He questioned if it was feasible to not reduce his workforce, as he could understand Mr. Snelding's reasoning. Ms. Fretwell replied that it was premature to provide answers or recommendations at this phase. The current budget deficit is 30 million dollars and it is anticipated to increase up to 40 million for the next five years. It would be nice if every job within the City could be protected, but it will come down to prioritization of functions and the Council determining what is the right level of funding for the various functions based on the service impact.

Member Wolfson clarified that there has not been any decisions on which departments will cut nor how much will be cut. He understood Mr. Snelding's concerns and recognized the fact that this upcoming budget will be the most critical issue he has ever had to address since being a City Councilman. The City was the first local government to approach its labor organizations and have discussions. In addition, the Council receives weekly updates from the City Manager's Office, so the Council is sensitive to what is happening.

Member Tarkanian did not agree with the 12 percent budget cuts department wide, as there are larger departments that can handle bigger cuts. She believed that the departments should be allowed to present what their department needs are in order to perform adequately, then the Council can make the ultimate decision.

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Chair Kern supported Mr. Kern's recommendations and acknowledged the importance of Mr. Snelding independently reporting to the Mayor and Council, as well as making efforts to maintain within the City's budget. His main concern is the possibility of losing Mr. Snelding's workforce, as the cost benefit ratio implies a potential loss of millions of dollars that could be saved for the City. Ms. Fretwell noted that although the request is 12 percent budget cuts, the immediate need is for a five percent cut. Two recommendations that the City Manager's Office is looking into deal with return investments and revenue generation.

Mr. Snelding emphasized it was important to be a good steward and should it be determined that additional cuts are needed, his department would follow through.

